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Fifth annual progress report on the implementation of the capital master plan

Report of the Secretary-General*

Summary

The fifth annual progress report on the capital master plan is submitted pursuant to section II, paragraphs 31 and 34, of General Assembly resolution 57/292. The report outlines the activities relating to the project undertaken since the issuance of the previous report (A/61/549). Over the past year, the Assembly approved the financing of the plan, a construction manager was selected and a new Executive Director was appointed to lead the project. In addition, a lease for swing space was signed and significant progress was achieved in the design of the project.

Pursuant to paragraphs 11 and 12 of General Assembly resolution 61/251, ways to avoid budget increases and remain within the approved budget in the unlikely event that it becomes evident that the costs will exceed the approved budget have been evaluated.

Owing to concerns expressed by staff, the evaluation has also explored ways to minimize disruption to the work of the Organization, while ensuring that the project adheres to the budget approved by the General Assembly.

As a result of the evaluation, it has been determined that there are significant benefits associated with expediting the phasing of renovation of both the Secretariat and Conference Buildings.

* The submission of the present report was delayed owing to the need for extensive consultation within the Secretariat to take into consideration the most current developments.

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The report indicates that the most appropriate way to execute the project would be to conduct the Secretariat renovation in one phase and execute the work in the Conference and General Assembly Buildings in single sequential phases as opposed to the three phases previously envisioned. The foregoing assessments have only been possible upon the engagement of the construction manager, who was appointed to assist the project in its pre-construction phase.

I. Introduction

1. In December 2006, the General Assembly, in its resolution 61/251, approved arrangements for the capital master plan, including the project's phasing, swing space and cost, known as strategy IV. The Assembly also approved several options relating to the scope of the project. The present report provides an update on the status of the project and the assessment that an acceleration of strategy IV is necessary.

II. Human resources

2. On 2 July 2007, the Secretary-General announced the appointment of Michael Adlerstein as Executive Director of the capital master plan, at the Assistant Secretary-General level. Mr. Adlerstein assumed his duties on 30 July 2007.

3. At present, 18 of the 19 temporary positions of the Office of the Capital Master Plan have been filled. The remaining position will be filled by the end of October 2007.

4. In addition to the 19 temporary positions, the capital master plan budget funds 8 general temporary assistance positions in other departments which provide direct support to the capital master plan. Of the eight general temporary assistance positions, two are in the Office of Internal Oversight Services; one in the Information Technology Services Division of the Office of Central Support Services; one in the Department of Safety and Security; one in the Office of Legal Affairs; and three in the Procurement Division. All eight positions are filled.

III. Progress since the previous annual report

5. Following the decision of the General Assembly on financing of the capital master plan in December 2006, the Office of the Capital Master Plan continued with the design of the refurbishment. On 27 July 2007, the Organization awarded the contract for construction management services to Skanska Building USA.

6. Part A of the contract is for pre-construction advisory services. During this stage, the design documents of the capital master plan are reviewed for constructability and cost savings opportunities. Subsequently, the firm will begin part B of the contract, the construction management phase. It will submit detailed cost proposals for each phase of the work. Those proposals will be negotiated into a number of guaranteed price contracts for the phases of the renovation, which can be accepted or rejected by the Secretariat. If rejected, a new competitive bidding process could be undertaken.

A. Design work for the renovation of existing buildings

7. The design work for the capital master plan, which has progressed significantly, is being executed in three major phases: the preliminary phase (completed in 2002), the design development phase (completed in 2006) and the construction documents phase (to be completed within 2007-2008). Current design documents work includes the scope approved by the General Assembly in December

2006, including additional redundancy, sustainability and some aspects of the additional security scope. Other aspects require significant additional engineering effort and are under way. The project buildings are divided into a number of specific contracts, each with a particular area of responsibility, as follows:

(a) *Contract A* (overall functional programming): an occupancy and restack plan was formulated in May 2007. The plan proposed specific locations for the major functions on-site during the renovation;

(b) *Contract B* (infrastructure and basements): the final design development documents were submitted in October 2006 and construction documents that were 60 per cent complete were submitted in March 2007. The complete construction documents will be submitted for review in October 2007. Additional documentation for blast resistance design is scheduled to be completed in December 2008;

(c) *Contract C* (General Assembly and Conference Buildings): the final design development documents were submitted in September 2006 and construction documents that were 60 per cent complete were submitted in March 2007. The complete construction documents will be submitted for review in December 2007. Additional documentation for blast resistance design is scheduled to be completed in October 2008;

(d) *Contract D* (Secretariat and South Annex Buildings): the final design development documents were submitted in September 2006 and construction documents that were 60 per cent complete were submitted in March 2007. The complete construction documents were submitted for review in August 2007. The typical office floors will be adjusted when the final locations of each office are determined. Additional documentation for blast resistance design is scheduled to be completed in November 2008. In addition, wind tunnel and dynamic property evaluations, as well as a structural evaluation for lateral loads, were undertaken and completed in May 2007. The design for swing space is also being conducted under contract D (see paras. 13-17 below);

(e) *Contract E* (Dag Hammarskjöld Library): final design development documents were submitted in March 2007. The design of the refurbishment of the Library had been held slightly behind the other design contracts, while the design of UNDC-5 was uncertain;

(f) *Contract F* (security systems): this contract phased to follow the completion of the design documents for each building. The final design development documents were submitted in March 2007 and construction documents that are 60 per cent complete will be submitted in October 2007. The complete construction documents will be submitted for review in 2008;

(g) *Contract G* (exterior envelope of all buildings): the final design development documents for the Secretariat Building and interim design development documents were submitted in July 2007. In response to the General Assembly approval of options for additional security, all of the glass facades ("curtain walls") are being replaced. That will also contribute to reduced energy consumption and enhanced sustainability;

(h) Proposals from landscape consultants were received for site and landscaping design in April 2007 and are under evaluation.

8. A code analysis of the capacity of the existing Dag Hammarskjöld Library Building to receive temporary occupants was completed in August 2007 and an analysis of the capacity of the existing systems to provide required services for the use of the building as on-site swing space is under way.

9. Requirements for additional building probes and testing required to refine design information on capacities of various aspects of the existing building have been defined. The testing work is being undertaken by the construction manager.

10. The procurement process for several related services was also undertaken since the fourth annual progress report (A/61/549). Proposals for relocation management, a key service to assist in planning and implementing large-scale relocations, were received in April 2007 and are under evaluation. Requests for proposals have also been issued for independent estimating and commissioning.

11. One area where scope objectives have been difficult to achieve is in meeting all International Organization for Standardization standards for interpretation booths. In Conference Rooms 5, 6 and 7, the only solution for the booths that meet all standards is to convert the middle room into a smaller room, without interpretation, similar to Conference Rooms A through E. It is the advice of the Department for General Assembly and Conference Management that that solution will still provide an adequate number of rooms, given the addition of new Conference Rooms 11, 12 and 13 in the capital master plan.

12. In the Security Council Consultation Room, it is impossible to meet all the dimensional requirements for interpretation booths without major reconfiguration. Various design solutions are being evaluated.

B. Off-site office swing space acquisition and design

13. In July 2007, the Organization entered into a lease for office space located at 305 East 46th Street which is projected to accommodate 750 staff members from the Department for General Assembly and Conference Management. The space will account for 162,000 rentable square feet of the projected 220,000 square feet of office swing space requirement identified in the fourth annual progress report. Necessary work by the building landlord is under way. Meanwhile, the interior fit-out work required to meet the needs of the Department is being designed.

14. In November 2007, the Organization expects to enter into a lease for 42,000 rentable square feet of office space in a newly constructed office building in Long Island City which is projected to accommodate the Information Technology Services Division within the Department of Management. Schematic design documents were submitted in September 2007 and the design process will be completed by February 2008.

15. An additional location in Long Island City has been identified and lease negotiations are under way to accommodate the Dag Hammarskjöld Library collection and the staff who work directly with the collection. Schematic design is scheduled to begin in October 2007 and the design process is scheduled to be completed by July 2008.

16. The search for additional swing space to meet remaining anticipated office swing space needs is under way.

C. Design of the temporary Conference Building

17. Under the existing strategy, the construction of a temporary Conference Building is anticipated to commence in October 2008 and is expected to be completed in October 2009. In order to design the building, to be located on the North Lawn, considerable site information is required. A contract for a complete site survey was executed in August 2007 and the survey work is under way. The survey work required for the completion of the design of the building is scheduled to be completed in October 2007. Schematic design of the temporary Conference Building was completed in January 2007. The construction manager is investigating methods of simplifying and accelerating the construction of the building, meeting all requirements while keeping the building design modest, functional and temporary.

IV. Impact on the Organization

18. Relocations to office and library swing space off-site are now scheduled to occur in 2008. For those staff and functions that need to remain on-site, relocation will be to areas on-site away from the renovation work, including swing space in the third basement, as well as in the Library Building. The Office of the Capital Master Plan is charged with overall coordination and communication of the relocation programme, coordinating the work of many other groups. Costs for the supporting activities, such as disconnecting and reconnecting computers, have been included in the swing space budgets. Assistance in the communications programme will be provided by the relocation management firm. Communications will include small and large meetings, beginning months before each relocation, e-mail, posted notices, use of the Intranet and a specific telephone contact point available for all questions or problems. A coordinated disposal effort of excess or unauthorized inventory, furniture and office archives will also be undertaken, before the actual moves, in accordance with relevant rules and regulations and using recycling where possible. The relocation planning for gifts and other works of art has begun and Member States have been contacted in relation to the temporary relocation of specific gifts.

V. Accelerating strategy IV

19. Despite all planning, coordination and communications efforts, any renovation or construction project involves risk. In addition to many hundreds of delegates participating in meetings, approximately 4,800 staff and vendors occupy the six buildings to be renovated at any one time. In the current strategy, approximately 1,050 of these individuals will be relocated to off-site swing space. There is therefore risk of construction impacts on the work of the Organization while construction activity is in close proximity to delegates and staff.

20. Risk can be reduced by good planning, sound budgeting, establishment of a proper project management structure and selection of high-quality experienced design and construction firms. These steps have been taken. There is also another tool to reduce risk on the project, which is to take steps to reduce the duration of the project and the extent to which construction activities and United Nations activities are occurring in the same building. In accordance with paragraphs 11 and 12 of

resolution 61/251, methods of improving the project schedule and reducing cost and risk have been reviewed.

21. In late July 2007, upon the appointment of the project's new Executive Director and construction manager, and in compliance with paragraphs 11 and 12 of resolution 61/251, the Office of the Capital Master Plan started to explore ways to expedite the project in order to minimize disruption to the work of the Organization and to ensure the project remains in line with the schedule and budget as approved by the General Assembly in December 2006.

22. The schedule has slipped, in some categories almost one year from that forecast in the fourth annual progress report. The deviation from the planned schedule was due to a variety of factors, including the addition to the project of new options, such as blast and sustainability, which increased its complexity; planning and scheduling that did not fully take into account the complexities of decision-making of the Organization; changes in leadership of the Organization at a critical time for the project; and the loss of high-level leadership owing to the resignation of the Executive Director. Those factors resulted in delays, including increased time to complete the selection of the construction manager; increased time to make critical decisions, such as which offices would relocate to swing space; and increased time required for the award of contracts for site surveys and borings needed to properly design the temporary Conference Building. Furthermore, the type of contract awarded to the construction manager (the guaranteed maximum price model) had not previously been used by the Organization and its industry-specific terms and conditions required extensive technical, legal and financial reviews in order to safeguard the best interests of the Organization.

23. The budget projections have also increased since the forecast in the fourth annual progress report. The present budget projection is estimated to be $219.6 million over the approved budget for three reasons. Most of the additional projected cost increases are due to the slippage of the schedule. Consequently, the impact of inflation on construction and rental costs has been exacerbated. The second reason is the rapid acceleration of rents for commercial office space in the United Nations area of New York City. The third reason is that the actual construction estimates for some of the work have increased. That portion of the cost increase is being corrected in the design process by finding less costly ways to accomplish the goals. This process is known as value engineering.

24. The Office of the Capital Master Plan has also taken this opportunity to re-evaluate the risks inherent in the approved strategy IV. That strategy requires that the Secretariat be partially occupied (approximately 75 per cent) throughout the construction activity for over six years. The construction activities would always be separated by one vacant floor from the staff activities. However, even with that very conservative separation of the construction activity from the occupied areas, renovation is intrinsically disruptive to normal activities and inherently risky. Financially, construction activity in a fully empty building is far more efficient, less risky and less expensive than phased construction activity in a partially occupied building.

25. There are three significant risks of implementing the approved strategy IV:

(a) The risk of construction impacts on United Nations activities and staff functions: the possibility of a construction-related incident or accident in close proximity to staff is a concern;

(b) The risk of United Nations staff impacts on construction: the possibility of noise and other disturbances requiring United Nations staff to ask for changes or pauses in the construction schedule, causing significant cost increases is a concern;

(c) The risk of unanticipated price escalation: the cost of inflation has been incorporated into the budget; however, the longer the schedule, the higher the risk of an unanticipated event;

26. In order to recapture lost time and to expedite the project, the Office of the Capital Master Plan has developed a plan to accelerate the approved strategy IV. An accelerated strategy IV would reduce the time required during renovation by reducing the total number of phases required for the renovation of the Secretariat and Conference Buildings, and accelerate the construction of the temporary Conference Building. Based on cost, risk and operational considerations, there are significant benefits associated with expediting the phasing of renovation of both the Secretariat and Conference Buildings. The accelerated strategy IV would result in a shorter period of renovation, which in turn is expected to mitigate the projected escalation in costs experienced over the previous year. In order to empty larger areas of the Secretariat, correspondingly larger areas of temporary swing space would be required, although it is anticipated that the swing space would thereby be required for a shorter period. Expediting the project therefore involves a calculation of the balance among available real estate opportunities, construction cost and projected escalation, at a particular time.

27. After careful calculations of the financial implications of strategy IV versus the accelerated strategy IV, it appears that it will be feasible to expedite the project. The real estate opportunities presently under exploration are acceptable and the accelerated strategy IV would be less risky, less expensive and faster than the present plan. The accelerated strategy IV would reduce the construction time on the Secretariat Building from over six years to three years. Partially offsetting that reduction, an additional year would be required for the entire process of vacating and reoccupying the building.

28. The Office of the Capital Master Plan has also determined that if the Conference Building is renovated before the General Assembly Building, it will be feasible to build a permanent broadcast central control facility in an early phase of the renovation of the Conference Building and thus avoid the cost of creating a temporary facility. Furthermore, if the Conference Building can be renovated in a single phase, the entire renovation of the Conference Building could potentially be compressed into two years. This would require that the size of the temporary Conference Building on the North Lawn of Headquarters be increased to make it possible to accommodate all of the required meetings. The present strategy IV requires the work on the Conference Building to be executed in the evenings and on weekends, at overtime rates. This is required and budgeted in order to avoid disturbing ongoing meetings with noise. Despite the additional swing space cost, the savings attributable to the efficiency of renovating an entirely empty Conference Building during normal working hours rather than during overtime hours, the avoidance of temporary works, the mitigation of the difficulty of working immediately above or below occupied meeting spaces without a buffer floor and the avoidance of cost escalation would result in implementation of this portion of the project at or below the presently approved budgeted cost.

29. In an accelerated project, a single guaranteed maximum price would be agreed for the entire Secretariat Building and a single guaranteed maximum price would be agreed for the General Assembly and Conference Buildings. Almost all of the contract values would be known within the first three years of the project. This would greatly reduce the financial risks to the Organization.

30. In parallel with the development of detailed renovation sequencing, logistics and phasing, it should be noted that an equally critical effort is being undertaken to find changes in the actual design work that would bring the project back within budget and to find opportunities to reduce costs in a way that does not compromise quality or functionality, the process known as value engineering, as referred to in paragraph 23 above. This effort requires the participation of the architectural and engineering firms, the programme manager, the construction manager and the assigned United Nations staff, and is well under way.

VI. Projected cost

31. The projected cost-to-complete of the capital master plan was estimated to be $2,096.3 million as at September 2007. This represents an increase of $219.6 million above the $1,876.7 million provision, as authorized by the General Assembly in its resolution 61/251. The projected changes have occurred in renovation costs, swing space costs, options and their progression in time is summarized in table 1 below:

(a) Column 1: projected costs for strategy IV (phased option), as approved in resolution 61/251;

(b) Column 2: strategy IV updated for currently projected pricing with options layered into renovation costs;

(c) Column 3: strategy IV in currently projected pricing based on the construction documents that were 60 per cent complete at August 2007;

(d) Column 4: accelerated strategy IV in currently projected pricing.

Table 1
Comparison of phased and accelerated approaches[a]
(Millions of United States dollars)

	Approved strategy IV	*Approved strategy IV*	*Approved strategy IV*	*Proposed accelerated strategy IV*
		Option cost layered into renovation costs	*Current status as at August 2007*	*(Single phase)*[b]
	2006 pricing	*Currently projected pricing*	*Currently projected pricing*	*Currently projected pricing*
Construction	739.100	935.300	1 022.371	964.625
Contingencies	167.900	199.900	199.859	199.859
Professional fees, management costs	206.900	231.000	261.508	234.508
Forward pricing escalation	317.900	296.000	379.569	277.960
Subtotal, renovation	**1 431.800**	**1 662.200**	**1 863.307**	**1 676.952**
Office swing space	129.100	129.100	144.300	254.534
Library swing space	19.300	19.300	14.063	16.636
Conference swing space	66.100	66.100	74.603	118.688
Subtotal, swing space estimate	**214.487**	**214.487**	**232.966**	**389.858**
Subtotal, options	**230.400**	**included above**	**included above**	**included above**
Total project	**1 876.700**	**1 876.700**	**2 096.273**	**2 066.810**
Variance against approved budget			**219.573**	**190.110**
Amount to be identified for savings through value engineering			**219.573**	**190.110**

[a] All pricing is as at 1 January of 2006 and of the current year.
[b] Option cost layered into renovation costs.

32. The bottom row of table 1 is the goal of the value engineering exercise. That exercise is presently the highest priority of the capital master plan project team. It is also the priority for the newly appointed construction manager.

VII. Schedule

33. Table 2 below is in the same format as table 1 in the fourth annual progress report. It demonstrates the significant potential for accelerating the completion date by reducing the phasing.

Table 2
Projected schedule

	August 2006		*Current schedule*		*Accelerated strategy IV*	
Activity	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*
Early-action work (refurbish existing North Lawn Building, add centralized technology centre)	Early 2008	Late 2008	Not available	Not available	Early 2008	Early 2009
Construction of temporary Conference Building	Mid-2007	Mid-2008	Late 2008	Late 2009	Early 2008	Mid-2009
Renovation of United Nations Headquarters	Early 2008	Mid-2014	Early 2009	Mid-2015	Early 2008	Mid-2013
• General Assembly Building	Mid-2008	Early 2011	Late 2009	Mid-2012	Mid-2011	Mid-2013
• Conference Building	Early 2011	Late 2013	Mid-2012	Mid-2015	Mid-2009	Mid-2011
• Secretariat Building	Early 2008	Late 2013	Early 2009	Early 2015	Early 2009	Early 2012
• South Annex Building	Late 2013	Early 2014	Mid-2015	Late 2015	Early 2011	Early 2012
• Library Building	Late 2012	Late 2013	Late 2013	Late 2014	Early 2012	Early 2013
• Site/landscaping	Late 2012	Early 2014	Mid-2015	Mid-2016	Mid-2011	Mid-2013
Disassembly of temporary Conference Building	Late 2013	Late 2013	Mid-2015	Mid-2015	Mid-2013	Mid-2013

VIII. Other financial considerations

34. The coordinated replacement of furniture and equipment across all budgets will continue to be requested in parallel with the capital master plan. As discussed in the previous annual report, the only new furniture in the plan is for the three new mid-sized conference rooms, supplemental furniture in the temporary Conference Building and 100 sets of office furniture for the swing space.

35. Also discussed in the previous report, the renovation work may require temporary increases in staffing and operational costs in parts of the Organization that particularly support construction activities, such as the Department of Safety

and Security and the Department of Management. The work will have a negative impact on programmes that depend on and service the flow of visitors to the site, as access will be restricted during the renovation. As has been reported in previous annual reports, the associated costs are not included in the capital master plan budget, but they will be presented to the General Assembly for its consideration once they are fully identified, carefully reviewed and verified in parallel with the capital master plan budget and schedule.

36. As noted previously (A/60/550, paragraphs 9 (h) and 19), during the renovation period, many activities will be limited and curtailed, every part of the complex will be affected and flexibility will be required. Coordinated planning within the Secretariat remains under way to mitigate those impacts, where possible, and to organize activities so that the renovation can proceed as quickly as possible.

IX. Financing

37. In paragraph 14 of its resolution 61/251, the General Assembly decided to establish two different options for the assessment and payment of costs for the capital master plan by Member States.

38. As at 7 May 2007, 12 Member States have selected the one-time payment option and 180 Member States have selected the equal multi-year assessment of five years in accordance with the pre-established selection criteria and deadlines as specified in resolution 61/251. As at 21 September 2007, an amount of $153.5 million remains due and payable to the capital master plan account for 2007 and prior-period assessments.

39. In its resolution 61/251, the General Assembly called upon the Secretary-General to explore the possibility of private donor funding to be used towards the implementation of the capital master plan. The Office of the Capital Master Plan has initiated discussions with private donors and is seeking opportunities for private donations to promote sustainability objectives.

X. Internationally syndicated letter of credit

40. Pursuant to paragraphs 26 and 28 of resolution 61/251, the Office of the Capital Master Plan has completed negotiations with the construction manager for the pre-construction phase of the contract and has negotiated the terms and conditions for the construction phase contracts with a guaranteed maximum price. The Office has been able to give sufficient assurance to the construction manager that funding for the capital master plan is adequate to cover the cost of construction. Consequently, it has not been necessary to establish a letter of credit. However, the Secretary-General requests that the approval to establish a letter of credit provided in resolution 61/251 be maintained. Such approval will in itself continue to provide assurance to the construction manager that adequate funding for the plan is available.

XI. Working capital reserve

41. In its resolution 61/251, the General Assembly also approved the establishment of a working capital reserve of $45 million under the capital master plan account. As at 21 September 2007, an amount of $11.6 million remains due and payable to the reserve fund.

XII. Status of appropriations and expenditures

42. The total appropriation to date is $194.0 million, broken down as follows:

(a) In its resolution 57/292, the General Assembly appropriated $25.5 million for the design development phase of the capital master plan and authorized commitments of up to $26.0 million for the biennium 2004-2005 for the preparation of construction documents;

(b) In its resolution 59/295, the Assembly decided to convert $17.8 million of the $26.0 million commitment authority into an appropriation and renewed the existing commitment authority for 2006 for the balance of $8.2 million;

(c) In its resolution 60/248, the Assembly decided to convert the balance of the existing commitment authority of $8.2 million into an appropriation for 2006;

(d) In its resolution 60/256, the Assembly appropriated an additional $23.5 million for financing the design and pre-construction phases of the capital master plan, including swing space requirements, and provided commitment authority for up to $77.0 million for the biennium 2006-2007 to provide for the construction, fit-out and related requirements of a conference swing space building on the North Lawn and for the leasing, design pre-construction services, fit-out and related requirements of library and office swing space for the capital master plan;

(e) In its resolution 60/282, the Assembly decided to convert the existing $77.0 million commitment authority into an appropriation, which was assessed in 2006;

(f) In its resolution 61/251, the Assembly decided to appropriate $42.0 million for 2007 for the design and pre-construction phases of the capital master plan, including swing-space requirements.

43. In paragraph 20 of its resolution 61/251, the General Assembly decided to apportion $1,716.7 million based on each Member State's assessment option of either a one-time payment, based on its share of $1,716.7 million, or equal multi-year payments over five years. The assessments for 2007, based on the combined multi-year and one-time options, totalled $352,843,649, while the yearly assessments for 2008 to 2011, based on the equal multi-year payment option, would be $340,964,085. Since the appropriation for 2007 was $42 million, as reflected in paragraph 42 (f) above, the unappropriated balance of 2007 assessments, $310,843,649, will be incorporated with the appropriation required to support the 2008 assessment. Therefore, the appropriation requested for 2008 for the capital master plan project is $651,807,734. As for 2009, the appropriation required for the year would be equal to the assessment for the year at $340,964,085. It should be noted that the adoption of accelerated strategy IV in no way changes, as compared

to original strategy IV, the total amount and distribution over time of the assessments required to finance the capital master plan.

44. Actual expenditures as at 31 July 2007 amount to $77.9 million. This consists of actual expenditures of $3.2 million in 2003, $14.8 million in 2004, $6.5 million in 2005, $36.5 million in 2006 and $16.8 million in 2007 up to 31 July 2007. It should be noted that the rate of expenditure was slower than expected. The rate will increase now that the construction manager is on board and initial early action construction work commences. Expenditures for the period 2003-2007 are detailed in table 3 below.

Table 3
Expenditures for the period 2003-2007 for the design development and construction documents phases and pre-construction services
(Thousands of United States dollars)

	2003[a]	*2004[a]*	*2005[a]*	*2006[a]*	*January-July 2007[a]*	*Total*
Design contractual services	612.1	9 573.9	2 724.1	22 426.9	9 172.5	**44 509.5**
Direct staff costs	1 611.1	1 720.9	1 458.3	1 569.4	1 212.3	**7 572.0**
Support costs	180.6	574.2	593.4	587.1	476.1	**2 411.4**
Operating and other costs	556.0	589.3	478.1	570.0	546.4	**2 739.8**
Programme management and consultants	245.7	2 378.5	752.9	4 524.8	2 017.6	**9 919.5**
Construction manager	—	—	—	—	—	—
Swing space cost	—	—	506.3	6 848.0	3 401.6	**10 755.9**
Subtotal	**3 205.5**	**14 836.8**	**6 513.1**	**36 526.2**	**16 826.5**	**77 908.1**
Savings on prior periods' obligations	—	(2.7)	(10.0)	(1 512.4)	—	**(1 525.1)**
Total	**3 205.5**	**14 834.1**	**6 503.1**	**35 013.8**	**16 826.5**	**76 383.0**

[a] Actual recorded expenditures.

45. It should be noted that the appropriation and expenditure figures cited in paragraph 42 and as shown in table 3 do not include the $8.0 million appropriated under the programme budget by the General Assembly in its resolution 55/238. However, the expenditure of $8.0 million is included in the total approved project budget of the capital master plan.

XIII. Sustainability initiatives

46. The Secretariat is presently reviewing the project plans concerning initiatives designed to promote energy efficiency and environmental sustainability of the renovated complex. The initiatives have been packaged in three groups: base project initiatives; additional options, as approved in resolution 61/251; and further sustainability initiatives that could result in even greater project performance.

47. The result of the re-evaluation of the additional initiatives is that the project is now expected to exceed base performance criteria in several areas, primarily energy efficiency. The initial target for reduction of energy consumption was established at 30 per cent. The most recent energy model indicates that the project is expected to reach a targeted reduction of 40 per cent.

48. Numerous additional initiatives are currently being studied. Although the vast majority would fall outside the current budget, the team is nonetheless pursuing them and actively seeking support from donors, as per the General Assembly's recommendation.

XIV. Advisory board

49. Efforts to create an advisory board for the capital master plan continue, as requested by the General Assembly. It is expected that the advisory board will be established in the coming months.

XV. Procurement

50. In paragraph 37 of its resolution 61/251, the General Assembly requested the Secretary-General to explore ways to increase procurement opportunities for vendors from developing countries and countries with economies in transition and to comply with related directives of the Assembly. The Secretariat is working with its construction manager to comply fully with the provisions of that paragraph.

51. In paragraph 38 of the same resolution, the General Assembly requested the Secretary-General to ensure that procurement processes are conducted in a transparent manner and in full compliance with relevant Assembly resolutions. To address the Assembly's request, all contract information for procurement related to the capital master plan since its inception is now posted on the Procurement Division website. The information can be accessed via the capital master plan website (http://www.un.org/cmp) or the Procurement Service website (http://www.un.org/depts/ptd/award_cmp.htm). The information listed includes the names and countries of origin of vendors, the number and description of the contracts, the contract award dates and the dates of the latest amendments, the current value and status of the contracts and the original invitation to bid or request for proposal numbers.

XVI. Conclusions and recommendations

52. The capital master plan renovation is important for the safety of all United Nations Headquarters occupants and is well under way. Although there have been some delays, as discussed in the present report, steps are being taken to accelerate the project and bring it in line with the schedule and budget as adopted by the General Assembly.

53. **The Secretary-General recommends that the General Assembly:**

(a) Take note of the progress made since the fourth annual progress report;

(b) Endorse accelerated strategy IV as proposed in the present report;

(c) Note that the Secretary-General will ensure that the overall project budget of the capital master plan will remain at the authorized level of $1,876.7 million and that the projected cost increase to complete will be eliminated through a combination of the accelerated strategy IV and the value engineering exercise;

(d) Decide to appropriate $651,807,734 for 2008 and $340,964,085 for 2009 for the pre-construction phases of the capital master plan, including swing-space requirements;

(e) Note that, consistent with the provisions of paragraph 20 of General Assembly resolution 61/251, assessments for multi-year payments in the period 2008-2011 will amount to $340,964,085 per year;

(f) Request the Secretary-General to continue reporting on the status of the project, the schedule, the projected cost to complete, the status of contributions, the working capital reserve, the status of the advisory board and the letter of credit in the next progress report.

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Fifth annual progress report on the implementation of the capital master plan

Report of the Secretary-General

Corrigendum

Paragraph 48, last sentence

For General Assembly's recommendation *read* General Assembly's mandate

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